HOUSE OF REPRESENTATIVES TWENTY-THIRD LEGISLATURE, 2005 STATE OF HAWAII ACT 053 H.B. NO. ¹⁴¹³ ^{H.D. 1} s.d. 1

A BILL FOR AN ACT

RELATING TO HAWAIIAN HOMES COMMISSION ACT, 1920, AS AMENDED.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Section 208 of the Hawaiian Homes Commission
 Act, 1920, as amended, is amended to read as follows:

3 "§208. Conditions of leases. Each lease made under the 4 authority granted the department by section 207 of this Act, and 5 the tract in respect to which the lease is made, shall be deemed 6 subject to the following conditions, whether or not stipulated 7 in the lease:

8 (1) The original lessee shall be a native Hawaiian, not
9 less than eighteen years of age. In case two lessees
10 either original or in succession marry, they shall
11 choose the lease to be retained, and the remaining
12 lease shall be transferred, quitclaimed, or canceled
13 in accordance with the provisions of succeeding
14 sections.

15 (2) The lessee shall pay a rental of \$1 a year for the
16 tract and the lease shall be for a term of ninety-nine
17 years; except that the department may extend the term
18 of any lease; provided that the approval of any
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extension shall be subject to the condition that the aggregate of the initial ninety-nine year term and any extension granted shall not be for more than one hundred ninety-nine years.

- (3) The lessee may be required to occupy and commence to use or cultivate the tract as the lessee's home or farm or occupy and commence to use the tract for aquaculture purposes, as the case may be, within one year after the commencement of the term of the lease.
 (4) The lessee thereafter, for at least such part of each year as the department shall prescribe by rules, shall occupy and use or cultivate the tract on the lessee's own behalf.
- The lessee shall not in any manner transfer to, or 14 (5)15 otherwise hold for the benefit of, any other person or 16 group of persons or organizations of any kind, except 17 a native Hawaiian or Hawaiians, and then only upon the 18 approval of the department, or agree so to transfer, 19 or otherwise hold, the lessee's interest in the tract; 20 except that the lessee, with the approval of the 21 department, also may transfer the lessee's interest in the tract to the following qualified relatives of the 2.

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lessee who are at least one-quarter Hawaiian: husband, 1 wife, child, or grandchild. A lessee who is at least 2 one-quarter Hawaiian who has received an interest in the tract through succession or transfer may, with the approval of the department, transfer the lessee's 5 leasehold interest to a brother or sister who is at 6 least one-quarter Hawaiian. Such interest shall not, 7 except in pursuance of such a transfer to or holding 8 for or agreement with a native Hawaiian or Hawaiians 9 10 or qualified relative who is at least one-quarter Hawaiian approved of by the department or for any 11 indebtedness due the department or for taxes or for 12 any other indebtedness the payment of which has been 13 14 assured by the department, including loans from other agencies where such loans have been approved by the 15 department, be subject to attachment, levy, or sale 16 upon court process. The lessee shall not sublet the 17 18 lessee's interest in the tract or improvements thereon; provided that a lessee may be permitted, with 19 20 the approval of the department, to rent to a native Hawaiian or Hawaiians, lodging either within the 21

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lessee's existing home or in a separate residential 1 2 dwelling unit constructed on the premises. Notwithstanding the provisions of paragraph (5), the 3 (6) lessee, with the consent and approval of the * 4 commission, may mortgage or pledge the lessee's 5 interest in the tract or improvements thereon to a 6 7 recognized lending institution authorized to do business as a lending institution in either the State 8 or elsewhere in the United States; provided the loan 9 secured by a mortgage on the lessee's leasehold 10 interest is insured or guaranteed by the Federal 11 Housing Administration, Department of Veterans 12 13 Affairs, or any other federal agency and their 14 respective successors and assigns, which are authorized to insure or guarantee such loans, or any 15 16 acceptable private mortgage insurance as approved by the commission. The mortgagee's interest in any such 17 mortgage shall be freely assignable. Such mortgages, 18 19 to be effective, must be consented to and approved by 20 the commission and recorded with the department. 21 Further, notwithstanding the authorized purposes

of loan limitations imposed under section 214 of this

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Act and the authorized loan amount limitations imposed 1 , under section 215 of this Act, loans made by lending 2 institutions as provided in this paragraph, insured or 3 guaranteed by the Federal Housing Administration, 4 Department of Veterans Affairs, or any other federal 5 agency and their respective successors and assigns, or 6 any acceptable private mortgage insurance, may be for 7 such purposes and in such amounts, not to exceed the 8 maximum insurable limits, together with such 9 assistance payments and other fees, as established 10 under section 421 of the Housing and Urban Rural 11 Recovery Act of 1983 which amended Title II of the 12 National Housing Act of 1934 by adding section 247, 13 and its implementing regulations, to permit the 14 Secretary of Housing and Urban Development to insure 15 loans secured by a mortgage executed by the homestead 16 lessee covering a homestead lease issued under section 17 207(a) of this Act and upon which there is located a 18 one to four family single family residence. 19

20 (7) The lessee shall pay all taxes assessed upon the tract21 and improvements thereon. The department may pay such

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1		taxes and have a lien therefor as provided by section
2	2	216 of this Act.
3	(8)	The lessee shall perform such other conditions, not in
4		conflict with any provision of this Act, as the
5		department may stipulate in the lease; provided that
6		an original lessee shall be exempt from all taxes for
7		the first seven years after commencement of the term
8		of the lease."
9	SECT	ION 2. New statutory material is underscored.
10	SECT	ION 3. This Act shall take effect upon its approval.

AFFROVED BY THE GOVERNME AN

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MICAH A. KANE CHAIRMAN HAWAIIAN HOMES COMMISSION

BEN HENDERSON DEPUTY TO THE CHAIRMAN

KAULANA H. PARK EXECUTIVE ASSISTANT

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

P.O. BOX 1879 Honolulu, hawaii 96805

TESTIMONY OF MICAH KANE CHAIRMAN, HAWAIIAN HOMES COMMISSION

ON H.B. NO. 1413 H.D. 1 RELATING TO THE HAWAIIAN HOMES COMMISSION ACT, 1920, AS AMENDED

BEFORE THE SENATE COMMITTEE ON JUDICIARY AND HAWAIIAN AFFAIRS

March 23, 2005

Chair Hanabusa and Members of the Senate Committee On Judiciary and Hawaiian Affairs:

Thank you for the opportunity to testify on H.B. 1413, H. D. 1. The purpose of this bill is to authorize mortgage loans made on Hawaiian home lands to be insured by private mortgage insurance carriers.

Section 208(6) of the HHCA currently limits lending institutions to making loans on Hawaiian home lands that are insured or guaranteed by federal agencies or programs. As a result, lenders who offer mortgage financing that is guaranteed or insured by private mortgage insurance are not authorized to make loans on Hawaiian home lands. The proposed amendment would allow loans guaranteed by private mortgage insurance to be permitted on Hawaiian home lands. This will expand the market of lenders able to offer mortgage financing to our beneficiaries and would allow fannie mae loans to be made on Hawaiian home lands.

The House has amended section 4 of this bill by changing the effective date to 2010. We request that your Committee restore the original language, which provides that the bill take effect upon its approval. With that change, we the urge your favorable approval of this measure.

Thank you for the opportunity to testify on H.B. 1413.